

RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION

OIL AND GAS DOCKET
NO. 01-0271975

IN THE DERBY (GLEN ROSE H2S
DISPOSAL) FIELD, FRIO COUNTY,
TEXAS

FINAL ORDER
APPROVING THE APPLICATION OF TEXSTAR MIDSTREAM UTILITY, LP
FOR INJECTION OF FLUIDS CONTAINING HYDROGEN SULFIDE
PURSUANT TO STATEWIDE RULES 9 AND 36 IN THE
LANCASTER AGI LEASE, WELL NO. 1
DERBY (GLEN ROSE H2S DISPOSAL) FIELD
FRIO COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on September 1, 2011, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that a new field designation known as the Derby (Glen Rose H2S Disposal) Field (No. 24366 400) Frio County, Texas, is hereby approved for the Lancaster AGI Lease, Well No. 1.

It is further **ORDERED** by the Railroad Commission of Texas that Texstar Midstream Utility, LP is hereby authorized to dispose of fluids containing hydrogen sulfide into its Lancaster AGI Lease, Well No. 1, Derby (Glen Rose H2S Disposal) Field, Frio County, Texas, pursuant to Statewide Rule 36(c)(10)(A).

It is further **ORDERED** by the Railroad Commission of Texas that Texstar Midstream Utility, LP is hereby authorized to conduct disposal operations in the Lancaster AGI Lease, Well No. 1, Derby (Glen Rose H2S Disposal) Field, Frio County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Waste shall only be injected into strata in the subsurface interval between 8,400 feet and 9,850 feet.
2. The injection volume shall not exceed 3,500 MCF of acid gas per day.
3. The maximum operating surface injection pressure shall not exceed 4,200 psig.
4. Before injection operations can begin, Texstar Midstream Utility, LP must have an approved contingency plan.

STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
 - a. running tubing and setting packer;
 - b. beginning any workover or remedial operation;
 - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin Office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.

8. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.
9. That the well be identified and operated according to Permit Number 13404.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and disposal operation must be stopped until the fluid migration from such strata is eliminated. The special permit conditions may be modified after notice and opportunity for hearing to prevent migration of injection fluid from the approved strata.

Done this 11th day of October, 2011.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotested Master Order dated
October 11, 2011)**

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

OGC UNPROTESTED MASTER ORDER

OCTOBER 11, 2011

At a public conference held at its offices in Austin, Texas, the Commission finds that after statutory notice, the below referenced proceedings were heard by the examiners and that no party appeared in protest to the requested relief. The Final Orders for each of the below referenced dockets are incorporated by reference into this order, and by signing this Master Order, the Commission approves each of the Final Orders and adopts the provisions contained therein.

DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>Field Rules</u>			
06-0271440 (Andy Trevino)	Devon Energy Production Co, L.P.	Stockman (Cotton Valley) Field, Shelby County, Texas	Amend field rules
10-0271882 (Richard Atkins)	Samson Lone Star, LLC	Stiles Ranch (Granite Wash Cons) Field, Hemphill and Wheeler Counties, Texas	Amend field rule No. 2
05-0272194 (Richard Atkins)	XTO Energy Inc.	Teague (CV-Bossier Cons.) Field, Freestone County, Texas	Amend field rule No. 2 and adopt field rule No. 5
08-0272343 (Richard Atkins)	Petroplex Energy Inc.	Gladys Cowden (Strawn) Field, Martin and Midland Counties, Texas	Adopt field rules
06-0271582 (Brian Fancher)	NFR Energy, LLC	Oak Hill (Cotton Valley) Field, Gregg, Harrison, Panola, and Rusk Counties, Texas	Amend field rules
06-0271584 (Brian Fancher)	NFR Energy, LLC	Minden (Cotton Valley Cons.) Field, Rusk County, Texas	Amend field rules
06-0271583 (Brian Fancher)	NFR Energy, LLC	Henderson, E. (Cotton Valley) Field, Rusk County, Texas	Amend field rules
10-0271872 (Brian Fancher)	Forest Oil Corporation	Clark Martin (Granite Wash) Field, Roberts County, Texas	Amend field rules
01-0271875 (Brian Fancher)	Virtex Operating Co., Inc.	Doering Ranch (Georgetown) Field, Frio County, Texas	Amend field rules

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DOCKET NO.	APPLICANT	LEASE, WELL, OR SITE	ORDER TERMS
<u>New Field Designation and Field Rules</u>			
03-0271580 (Richard Atkins)	Caza Operating, LLC	Red Bull (Cook Mountain) Field, Wharton County, Texas	Approve the new field designation and adopt temporary field rules
<u>Net-GOR and MER Authority</u>			
08-0270700 (Andy Trevino)	Apache Corporation	J. B. Tubb -C- Lease, Sand Hills (Wichita-Albany) Field, Crane County, Texas	Approve increased Net GOR with a gas limit of 1,000 MCFD and cancel overproduction
<u>Establishment of an Entity for Density Purposes</u>			
08-0272371 (Brian Fancher)	Chevron Midcontinent, L.P.	Parker Unit, Parker (Wolfcamp Consolidated) Field, Andrews County, Texas	Approve as an entity-for- density
<u>Statewide Rule 36</u>			
01-0271975 (Richard Atkins)	Texstar Midstream Utility, LP	Lancaster AGI Lease, Well No. 1, Derby (Glen Rose H2S Disposal) Field, Frio County, Texas	Approve Statewide Rules 9 and 36 injection authority
<u>Cancel Overproduction</u>			
03-0271955 (Brian Fancher)	Rutherford Oil Corporation	Craigien-Hebert Unit, Well No. 1, Taylor-Bayou, East (8700) Field, Jefferson County, Texas	Cancel overproduction

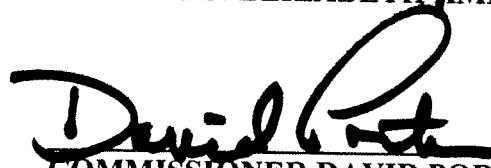
IT IS ORDERED that each referenced Final Order shall become effective when this Order is signed and that a copy of this Order shall be affixed to each Final Order.

Done in Austin, Texas on October 11, 2011.


RAILROAD COMMISSION OF TEXAS



CHAIRMAN ELIZABETH AMES JONES



COMMISSIONER DAVID PORTER



COMMISSIONER BARRY T. SMITHERMAN

ATTEST:



SECRETARY

